

BEFORE THE
POSTAL REGULATORY COMMISSION

**Institutional Cost Contribution
Requirement for Competitive Products**

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: **Docket No. RM2022-3**
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**MOTION OF UNITED PARCEL SERVICE, INC. FOR
ISSUANCE OF INFORMATION REQUEST TO
THE UNITED STATES POSTAL SERVICE
(February 25, 2022)**

In accordance with 39 C.F.R. § 3050.11(c), United Parcel Service, Inc. (“UPS”) respectfully requests that the Presiding Officer issue an Information Request to the Postal Service to obtain answers to the appended set of questions. These questions are intended to provide greater clarity regarding some of the complex accounting practices underlying the Postal Service’s Proposal One to change the methodology for calculating attributable city carrier, letter route, street time costs. These practices, by extension, impact analytical principles relating to the Postal Service’s periodic reports. Answers to these questions will serve the important goal of providing additional transparency regarding Postal Service costing practices to the public and to interested parties and may point to ways in which those practices can be improved or by which any anomalies can be addressed. As the Commission has observed, the Postal Accountability and Enhancement Act “relies on public transparency . . . to achieve its goal of Postal Service accountability.” Dkt. No. RM2008-1, Order No. 194 (March 20, 2009) (“Order No. 194”) at 2.

Respectfully submitted,

UNITED PARCEL SERVICE, INC.,

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PROPOSED QUESTIONS:

1. Please confirm that the Postal Service periodically restructures city carrier delivery routes.
 - a. If confirmed, please confirm also that one of the goals of these restructurings is to assure that on a city carrier route, mail delivery and the associated activities performed by a letter carrier can generally be completed within a normal workday. If not confirmed, please explain why these restructurings are carried out. In either case, please explain the criteria used to determine when and whether to restructure a route. Include in your response the target number or range of street hours per route.
 - b. If confirmed, please confirm that one of the factors that can give rise to the need to restructure a delivery route is a change in mail volume. That is, growth in the volume of mail to be delivered can give rise to a situation in which mail delivery and its associated activities may require more than a normal workday, and, conversely, declines in mail volume can give rise to a situation in which mail delivery and its associated activities may require less than a normal workday. If not confirmed, explain.
2. Please refer to the report of Professor Michael D. Bradley, "On the Estimation of a Top-Down Model for City Carrier Street Time," attached to Petition of The United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), Dkt. No. RM2022-

- 3 (Jan. 5, 2022) (the “Bradley Report” or “Professor Bradley’s Report”). On Page 41, Professor Bradley’s Report states that there are 973 ZIP codes in the final analysis dataset.
- a. In how many of those ZIP codes were routes restructured during 2019?
 - b. How many routes in each such ZIP code were restructured?
 - c. In how many of the ZIP codes have routes been restructured since the end of 2019?
3. Please confirm that the Postal Service will periodically evaluate a city carrier delivery route, measuring the time required for the carrier to complete the route, in order to assess the need to restructure the route in order to assure that the route can generally be completed within a normal work day.
- a. If confirmed, please explain the factors that would determine the day of the week on which such an evaluation might take place.
 - b. If confirmed, please indicate whether or not there is any particular day of the week, or set of days of the week, that are regarded by the Postal Service as better or preferred days on which to carry out such an evaluation.
4. Please consider a hypothetical situation in which, due to a sharp increase in volume, it becomes necessary to split a city carrier route into two new routes served by the same local delivery unit. Please confirm that in such a situation the total amount of time spent traveling between the local delivery unit and the delivery routes by the two carriers serving the two new routes would be

greater than the total amount of time spent traveling between the local delivery unit and the old route by the carrier serving the old route. If not confirmed, please explain.

5. On Page 88, Professor Bradley's Report states that "there is a possibility that they are correlated with the various volume variables and, if so, the estimated coefficients on the volume variables will be biased." How does Professor Bradley distinguish between situations in which (a) street time is influenced by unobserved characteristics of ZIP codes that happen to be correlated with volume levels, and (b) street time is influenced by average volume levels in a ZIP code?
6. On Page 94, Professor Bradley's Report states that "[t]he correlated random effects model also produces evidence on whether the pooled model suffers from unobserved heterogeneity which is correlated with volume. If so, the variabilities estimated by the pooled model are biased." How does Professor Bradley distinguish between situations in which (a) street time is influenced by unobserved characteristics of time periods that happen to be correlated with volume levels, and (b) street time is influenced by volume levels?
7. The Bradley Report notes that the volume of mail delivered on Mondays tends to be significantly higher than the volume of mail delivered on other days of the week. In light of this difference, please comment upon and describe any differences in city carrier delivery operations between Mondays and other days of the week. In particular:

- a. Are there any differences in city carrier scheduling between Mondays and other days of the week? If so, please describe.
 - b. On walk and park-and-loop routes, are there any differences in the amounts of mail carried by the carrier during walks between Mondays and other days of the week? If so, please describe.
 - c. On walk routes, are there any differences in the number of relay box visits between Mondays and other days of the week? If so, please describe.
 - d. On park-and-loop routes are there any differences in the number or locations of parking stops between Mondays and other days of the week? If so, please describe.
8. On Page 97, Professor Bradley's Report discusses the incremental street time associated with the delivery of three additional FSS pieces. Specifically, Professor Bradley states that "This additional type of delivery would require the carrier to take the 3 flats out of the FSS container and insert them in the box." Is it the Postal Service's opinion that the only incremental street time associated with an increase of FSS volume is the time required "to take the...flats out of the FSS container and insert them in the box"? Please explain your response.
9. On Page 98, Professor Bradley's Report discusses the incremental street time associated with the delivery of an additional in-receptacle parcel. Specifically, Professor Bradley states that "[t]he additional actions required of the carrier are to select the small parcel from the parcel container and place it

- in the mailbox....” Is it the Postal Service’s opinion that the only incremental street time associated with an additional in-receptacle parcel is the time required “to select the small parcel from the parcel container and place it in the mailbox”? Please explain your response.
10. Considering all possible city carrier route/delivery day combinations over the course of a year, in approximately what fraction of the cases is it possible to deliver all in a single pass through the route, stopping at each delivery point no more than once? To the extent that the answer to this question varies by route type (walk, park-and-loop, mounted), please provide route type specific estimates.
 11. What circumstances might commonly arise to prevent a carrier from delivering all the mail for the day in a single pass through the route? To the extent that the answer to this question varies by route type (walk, park-and-loop, mounted), please provide route-type specific responses.
 12. If a second pass through the route is needed to complete a day’s mail delivery, under what circumstances will that second pass be carried out by the original letter carrier?
 13. Under what circumstances will that second pass be carried out by a different individual?
 14. Under what circumstances will the time associated with a second pass be clocked to the regular delivery route?
 15. Under what circumstances will the time associated with a second pass be clocked to a special purpose route?

16. When the time associated with a second pass is coded as SPR, what mechanisms, policies, and/or procedures guarantee that pieces delivered on the second pass are not counted as DOIS volume for the regular carrier route?
17. With the exception of collection volumes, there are six volume-based cost drivers in Professor Bradley's proposed model: DPS, cased mail, sequenced mail, FSS, in-receptacle parcels, and deviation parcels plus accountables. For each of those six mail streams, please provide the average pieces per ZIP code-day delivered on regular letter routes for each calendar year between 2016 and 2021. Alternatively this information can be provided at the fiscal year level. Please provide these data either for the universe of all city carrier ZIP codes, or alternatively for the 973 ZIP codes used by Professor Bradley in his analysis.
18. Please confirm that under Proposal One, the final variabilities proposed by Professor Bradley would be used for the next several years, and that there would be no adjustment to these variabilities until another rule-making docket is initiated.
19. Please refer to CS06&7-Public-FY21-TopDown.xlsx, which was provided in USPS-RM2022-3-1. On tab <<7.0.4.1>> cell D13 indicates that the total accrued street time costs (including SPR relay) on letter routes in FY21 was \$12.921 billion.
 - a. Please provide this total broken out by month. If this is not possible, please explain.

- b. Please provide this total broken out by day of the week. If this is not possible, please explain.